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# *Tale of Intrigue*

# How an Italian Ex-Spy Who Also Helped U.S. Landed in Prison Here

## Case of Francesco Pazienza Involves Vatican Officials, Arafat and Italy's Premier

## Topic in Reagan-Craxi Talks?

By JONATHAN KWITNY
*Staff Reporter of* THE WALL STREET JOURNAL

NEW YORK—In his orange prison jump suit, gaunt from gastroenteritis, which he blames on prison food, 39-year-old Francesco Pazienza doesn't seem much of a threat to anyone.

Nor has he been accused of any crime in the U.S. Of the alleged crimes for which

*First of two articles.*

the government of Italy vigorously seeks his extradition, the only one being considered in the U.S. extradition proceedings is a relatively picayune $250,000 fraud on the failed Vatican-connected Banco Ambrosiano, whose late chairman Mr. Pazienza served as an outside consultant.

But as a free man, Mr. Pazienza rolled like a loose cannon on the deck of Italian-American diplomacy. His story is the strange and curious tale of a highly placed political operator and spy, put out in the cold.

Few such prisoners since E. Howard Hunt, arrested in the Watergate affair a decade ago, have commanded so much official attention or caused so much official concern. Before his connection with Banco Ambrosiano, Mr. Pazienza was a top Italian intelligence agent. A U.S. Customs agent has testified in extradition proceedings that an "unidentified group of people," who he said might be Italian agents, want Mr. Pazienza dead. William French Smith, the outgoing U.S. attorney general, had a direct hand in ordering Mr. Pazienza's arrest.

*Francesco Pazienza*

He was arrested March 4, at a time when, by the government's own admission later in court, Mr. Pazienza was passing "highly valuable" information on terrorism and other matters to American agents.

The next day, March 5, Italian Prime Minister Bettino Craxi—who in earlier days had dropped by Mr. Pazienza's house in Rome to talk business—met with President Reagan in Washington. The main news from the meeting was that Mr. Craxi would publicly support President Reagan's "Star Wars" space-defense program, despite his misgivings about it.

### Another Topic?

Did the two leaders also strike a deal to jail Mr. Pazienza and try to extradite him, as Mr. Pazienza's lawyers have suggested in court? Neither the White House nor the Justice Department will discuss any aspect of the Pazienza case. But while Messrs. Reagan and Craxi announced their accord in Washington, Assistant U.S. Attorney David W. Denton told a federal judge in New York that there was "a significant national interest in having Mr. Pazienza held."

Mr. Denton and the judge, Charles L. Brieant, then talked for a while off the record. Afterward, Mr. Denton declared that "Mr. Pazienza should not be released on any bail whatsoever. That is an extremely firmly held view within the highest levels of both governments." Mr. Denton said his instructions on dealing with the case came directly from Washington.

Judge Brieant acceded, and Mr. Pazienza has languished in the federal Metropolitan Correctional Center in New York ever since, mostly in solitary confinement but free on occasion to talk with reporters, whom he had always avoided in the past.

### Feeling Betrayed

Now he has talked—feeling betrayed by two governments he says he has always helped, brooding in his 7-by-10-foot cell over the corporate jets, private yachts and multimillion-dollar deals that are gone from his life. In interviews that have created sensational headlines in Italy but that have gone unnoticed in the U.S., he has told tales of intrigue and secret dealings between Italian and American political figures and others. Among those he has named are Alexander Haig, the former secretary of state; Michael Ledeen, a newspaper and television commentator, think-tank consultant and sometime official of the State and Defense departments; Yasser Arafat of the Palestine Liberation Organization; Robert Armao, a longtime Rockefeller family aide who, among other things, helped shepherd the family and fortunes of the late shah of Iran after he had been deposed in 1979; and Archbishop Paul Marcinkus, who has run the Vatican's world-wi
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mony by former Italian officials and by other evidence.

In one case in Rome, Mr. Pazienza has already been convicted of abusing his intelligence job in connection with the 1979 trip to Libya taken by Billy Carter, the brother of President Carter. Mr. Pazienza was found to have helped obtain details of the politically embarrassing trip and to pass them to Mr. Ledeen, during the U.S. presidential election campaign of 1980. Mr. Ledeen, who wasn't a defendant in the case, is a close associate of Mr. Haig, who was in line to become secretary of state under President Reagan.

Mr. Pazienza's career, like his stories, is a tangle of intrigue. Trained as a medical doctor, he spent the 1970s as a business consultant in France. Through strongly anti-Communist employers, he says, he met French and Italian intelligence agents, while also developing contacts in the Arab world and in Latin America. He became fluent in English, French, Spanish and Arabic. In 1979, Gen. Giuseppe Santovito, the head of SISMI (pronounced, perhaps fittingly, "seize me"), the Italian military-intelligence organization, hired him as a top aide.

He impressed his superiors and others with his wide range of discreet, high-level contacts and sources. Federico D'Amato, a top Italian security official who has been called "the J. Edgar Hoover of Italy," testified at a 1982 Italian parliamentary inquiry that Mr. Pazienza had close contacts with Mr. Arafat and with the Saudi Arabian royal family. Mr. D'Amato said he once met the Vatican ambassador to the United Nations and the editor of the Vatican newspaper in Mr. Pazienza's home.

"He had a semiofficial mission mediating between Arafat and the Vatican, and took several trips to Beirut," Mr. D'Amato said. "What I mean is," he said, "that these were not rumors about Pazienza's ability to do such services, but facts."

### The End of a Career

Mr. Pazienza's career at SISMI came to an abrupt end in the spring of 1981. Italian police investigating the financial affairs of banker Michele Sindona stumbled onto records kept by a secret Masonic lodge known as P-2. They found a membership list of a thousand or so businessmen and other public figures, mostly of the political right. The conspirators allegedly were conducting a financially corrupt "government within the government" in Italy.

Although Mr. Pazienza's name wasn't on the list, the name of his patron, Gen.

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